



Overview

- In 2006, the growth rate of output in developing countries (6.9%) was double that of developed economies (3.0%). Yet **44 developing countries did not reach growth rates above 3% in GDP per capita.**¹

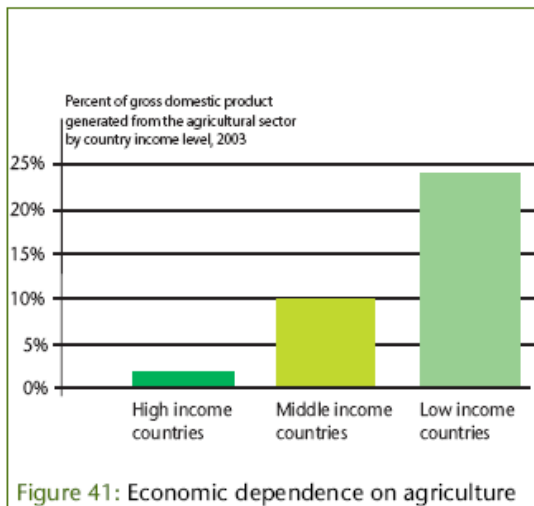


Figure 41: Economic dependence on agriculture

- Developing countries, as a whole, have improved the terms of trade due to higher oil prices – especially those of the developing regions of the Middle East, Africa and Latin America.²
- Merchandise exports from developing countries in 2004 increased sharply due to strong commodity prices and the recovery in the trade of office and telecom equipment.³
- Between 2005 and 2030, it is projected that developing countries will triple their output, which will account for about one-third of world output in 2030.⁴

Trade and Development

- Improving trade facilitation (e.g. customs modernization, inland transit, port efficiency, etc.) plays a central role in development as it can enhance a country's competitiveness through decreased transaction time and costs.⁵
- The longest export delays are in sub-Saharan Africa (40 days) and South Asia (24 days).

- Meanwhile, it takes only 11 days to export in OECD high income countries.⁶
- It costs an average of US \$811 to export a container from an OECD country. By contrast, it costs US \$1,561 per container to export from Sub-Saharan Africa.⁷
- Likewise, it costs, on average, US \$883 to import a container into an OECD country. Meanwhile, the most costly region for importing is Sub-Saharan Africa (US \$1,947 per container).⁸
- In China, 63% of imports are intermediate goods, and 79% of China's imports overall are sourced from developing countries.⁹
- Given today's technologies and the prospect of tomorrow's industrial output, annual emissions of greenhouse gasses (GHGs) will grow about 50% by 2030.¹⁰

Trade reform

- According to the World Bank, "Market access restrictions and other trade distortions, such as domestic subsidies, remain high particularly in the areas in which developing countries have a competitive edge - such as cotton, sugar, and textiles and clothing."¹¹
- Because almost three-quarters of the poor live in rural areas, **agricultural trade reform is especially important for poverty reduction.**¹²
- Support to agricultural producers, including trade-distorting subsidies and market access barriers, in developed countries currently totals about US \$280 billion – the equivalent to more than three times the level of 2005 global overseas aid.¹³

Trade for Development

Around the world, trade connects people of all income levels. It can lead to economic prosperity, or hinder it. Today developing countries face numerous barriers to accessing the global trade system. Open markets for developing countries would significantly contribute to poverty reduction, which has numerous associated benefits for business such as improved health, education level of labor and greater purchasing power.



Notes

¹ World Bank. 2007. *Global Economic Prospects: Managing the next wave of globalization*.

² WTO. 2005. "Developing countries' goods trade share surges to 50-year peak." Press Release.
http://www.wto.org/english/news_e/pres05_e/pr401_e.htm (24 August 2007)

³ WTO. 2005. "Developing countries' goods trade share surges to 50-year peak." Press Release.
http://www.wto.org/english/news_e/pres05_e/pr401_e.htm (24 August 2007)

⁴ World Bank. 2007. *Global Economic Prospects: Managing the next wave of globalization*.

⁵ World Bank. 2007. Issue brief on Trade and Poverty reduction.
<http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:20040979~menuPK:34480~pagePK:36694~piPK:116742~theSitePK:4607,00.html> (27 August 2007)

⁶ World Bank. 2007. *Doing Business 2007 : How to Reform*.

⁷ World Bank. 2007. *Doing Business 2007: How to Reform*.

⁸ World Bank. 2007. *Doing Business 2007: How to Reform*.

⁹ World Bank. 2007. *Global Economic Prospects: Managing the next wave of globalization*.

¹⁰ World Bank. 2007. *Global Economic Prospects: Managing the next wave of globalization*.

¹¹ World Bank. Issue Brief on Trade.
<http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:20040979~menuPK:34480~pagePK:34370~theSitePK:4607,00.html> (accessed 9 July 2007)

¹² World Bank. 2007. Issue Brief on Trade and poverty reduction.
<http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:20040979~menuPK:34480~pagePK:36694~piPK:116742~theSitePK:4607,00.html> (24 August 2007)

¹³ World Bank. 2007. Issue Brief on Trade and poverty reduction.
<http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:20040979~menuPK:34480~pagePK:36694~piPK:116742~theSitePK:4607,00.html> (24 August 2007)